

Message Text

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PAGE 01 CANBER 04488 090813Z
ACTION EB-08

INFO OCT-01 EUR-12 EA-10 IO-13 ISO-00 AGRE-00 CEA-01
CIAE-00 COME-00 DODE-00 FRB-03 H-01 INR-10 INT-05
L-03 LAB-04 NSAE-00 NSC-05 PA-01 CTME-00 AID-05
SS-15 STR-07 ITC-01 TRSE-00 ICA-11 SP-02 SOE-02
OMB-01 DOE-15 /136 W
-----000336 100636Z /15

R 090630Z JUN 78
FM AMEMBASSY CANBERRA
TO SECSTATE WASHDC 3497
INFO AMCONSUL BRISBANE
USMISSION GENEVA
AMCONSUL MELBOURNE
AMEMBASSY PARIS
AMCONSUL PERTH
AMCONSUL SYDNEY

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USMTN

USOECD

EO 11652: NA
TAGS: ETRD, AS
SUBJECT: AUSTRALIAN FORMULA TARIFF REDUCTION

REF: CANBERRA 04286

1. SUMMARY: WITH GREAT FANFARE, ACTING PRIME MINISTER ANTHONY ANNOUNCED JUNE 8 IN PARLIAMENT THAT AUSTRALIA WOULD OFFER AT THE MTN A TARIFF-CUTTING FORMULA EMBODYING A 40 PERCENT REDUCTION. AS PREDICTED REFTEL, HOWEVER, AUSTRALIAN GOVERNMENT DID NOT BITE THE BULLET, AND PROPOSAL CONTAINS LITTLE OF SUBSTANCE. END SUMMARY.

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2. AUSTRALIAN ADOPTION OF 40 PERCENT FORMULA TARIFF REDUCTION, WHICH WAS ANNOUNCED JUNE 8 BY ACTING PRIME MINISTER ANTHONY, INCLUDES AS PART OF THE 40 PERCENT OFFER THE UNILATERAL 25 PERCENT TARIFF CUT INTRODUCED IN 1973 BY WHITLAM GOVERNMENT. AUSTRALIAN OFFER TO MAKE THIS 40 PERCENT CUT IS, HOWEVER, CONDITIONED UPON RECIPROCITY FOR ENTIRE CUT, INCLUDING 25

PERCENT CUT OF 1973.

3. IN ADDITION, EXCLUDED FROM OFFER WILL BE THOSE PRODUCTS WHICH ARE PRESENTLY BENEFICIARIES OF TEMPORARY PROTECTION, OR WHICH IN FUTURE BECOME BENEFICIARIES. AMONG THE MAJOR PRODUCTS EXCLUDED BY THIS PROVISION WILL BE PASSENGER MOTOR VEHICLES, CLOTHING AND TEXTILES, AND WHITE GOODS SUCH AS REFRIGERATORS AND WASHING MACHINES.

4. RECIPROCITY WHICH AUSTRALIA REQUIRES WILL CONSIST IN LARGE PART OF ACCESS TO INDUSTRIAL COUNTRIES' MARKETS FOR AUSTRALIAN AGRICULTURAL PRODUCTS.

5. CUTS WILL BE PHASED IN OVER PERIOD OF YEARS STARTING ABOUT 1984 OR 1985.

6. TO QUOTE ANTHONY, "SUBJECT TO FULL RECIPROCITY AND APPROPRIATE SAFEGUARDS AUSTRALIA WILL OFFER TO NEGOTIATE WITHIN THE FRAMEWORK OF THE INDUSTRIAL TARIFF FORMULA." IN OTHER WORDS, AUSTRALIA IS WILLING TO DISCUSS REDUCTIONS EQUAL TO 15 PERCENT OF PRE-1973 TARIFF LEVEL ON A LIMITED NUMBER OF ITEMS WHERE IMPORTANT COMPETITION FOR LOCAL INDUSTRY IS NOT SUBSTANTIAL, PROVIDED CUTS ARE DEFERRED TILL 1984 OR LATER AND PROVIDED THAT RECIPROCITY, MOSTLY FOR AGRICULTURAL PRODUCTS, EQUAL IN VALUE TO 40 PERCENT OF PRE-1973 TARIFF LEVEL IS EXTENDED.
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7. DEPARTMENT OF TRADE AND RESOURCES IS PRESENTLY WORKING TO IDENTIFY PRODUCTS TO BE INCLUDED IN OFFER. IN VIEW OF TREMENDOUS PRESSURES OF TIME, IT SEEMS REASONABLE TO EXPECT THAT PRODUCTS WILL NOT BE ANALYZED IN ANY DEPTH, AND IT WOULD NOT BE SURPRISING IF THERE WAS A TENDENCY TO ERR ON THE SIDE OF CAUTION IN PUTTING PRODUCTS ONTO THE OFFER LIST.
SQUIRE

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Message Attributes

Automatic Decaptioning: X
Capture Date: 01 jan 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: TARIFF SCHEDULES, AMENDMENTS
Control Number: n/a
Copy: SINGLE
Draft Date: 09 jun 1978
Decaption Date: 01 jan 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 20 Mar 2014
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1978CANBER04488
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Expiration:
Film Number: D780243-0069
Format: TEL
From: CANBERRA
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1978/newtext/t19780678/aaaacovx.tel
Line Count: 102
Litigation Code IDs:
Litigation Codes:
Litigation History:
Locator: TEXT ON-LINE, ON MICROFILM
Message ID: 9ee9c58c-c288-dd11-92da-001cc4696bcc
Office: ACTION EB
Original Classification: LIMITED OFFICIAL USE
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 2
Previous Channel Indicators: n/a
Previous Classification: LIMITED OFFICIAL USE
Previous Handling Restrictions: n/a
Reference: 78 CANBERRA 4286
Retention: 0
Review Action: RELEASED, APPROVED
Review Content Flags:
Review Date: 28 apr 2005
Review Event:
Review Exemptions: n/a
Review Media Identifier:
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
SAS ID: 2422582
Secure: OPEN
Status: NATIVE
Subject: AUSTRALIAN FORMULA TARIFF REDUCTION
TAGS: ETRD, AS
To: STATE USMTN MULTIPLE
Type: TE
vdkgvwkey: odb://SAS/SAS.dbo.SAS_Docs/9ee9c58c-c288-dd11-92da-001cc4696bcc
Review Markings:
Sheryl P. Walter
Declassified/Released
US Department of State
EO Systematic Review
20 Mar 2014
Markings: Sheryl P. Walter Declassified/Released US Department of State EO Systematic Review 20 Mar 2014